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Cape road impact fees may spike soon

Council to review 56 percent increase Monday

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A family building a new home in Cape Coral will pay more than \$10,000 in impact fees if city officials approve a proposal to charge more to cover new roads.

The change would raise the road impact fee 56 percent, from \$1,499 to \$2,698. City council members are scheduled to review the proposal Monday during a workshop session.

Cape Coral has \$80 million in road projects it wants to complete to meet the traffic demands of a population growing by 10,000 to 12,000 people a year. Impact fees that can be used to add lanes or widen roads can raise millions of dollars for the projects.

Impact fees can be charged only on new construction. The proceeds are used to build roads and related projects required to meet the demands of growth.

A new study from a city consultant, Duncan/Associates, was limited to road impact fees. The study found money from road impact fees rose from \$2.4 million in 2001 to nearly \$8.7 million last year. The city also uses its share of state and federal fuel taxes to pay for new roads.

The city also charges impact fees for parks, utilities and fire and rescue services.

While the road impact fee would still be lower than Lee County and Fort Myers, Cape Coral's overall impact fee would exceed \$10,000 and become the highest in Lee County.

Would higher fees cool the hot demand for new homes in the city, where a record 858 building permits were issued last month?

Those homes alone, if the proposal is adopted, would produce nearly \$9.2 million in impact fees for roads, utilities, parks, fire/rescue services and Lee County's public schools.

"When you hit the \$10,000 mark before you even break ground, I think that's a barrier," said City Councilman Tim Day, who estimated the average new home in the city costs \$200,000.

"How much can we digest in one chunk, especially when we're talking about affordable housing?" Day said.

EARNINGS

Here is Cape Coral's recent road impact fee earnings

- 2001: \$2.4 million
- 2002: \$4.1 million
- 2003: \$5.4 million
- 2004: \$8.7 million

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"I'm told every \$1,000 you go up knocks people out of the market."

Cape resident Cenn Draa Marcelin, 31, said the impact fees are getting discouraging but are part of the cost of living in a city that is safe and well-kept.

"If you really want to be here in paradise, you have to pay for it," said Marcelin. "It's expensive, but when you look around, it's not an eyesore."

Marcelin said she's looking forward to more commercial development to produce more taxes to help pay for the city's needs.

Councilman A.J. Boyd said he wants to see what similar-sized cities are doing before he decides what to do with the proposal.

"To me a fee is a tax. Anytime you consider raising a tax you have to consider its impacts," Boyd said.

Area construction industry officials on Thursday sent their copy of the study to their consultants for review.

"We want to make sure the correct methodology and data are being used," said Michael Reitmann, who heads the Building Industry Association.

"The building industry won't suffer from this. It's the homebuyer," Reitmann said.

People who work in the service industry will feel it the most, he said.

"There aren't even existing homes for them to buy," Reitmann said.

Mayor Eric Feichthaler said he doesn't think the increase will have a substantial impact on housing demand.

"People moving here will know what the fees will be," he said.

Still, he cautioned that the city doesn't want to make itself unaffordable for its work force.

City officials don't want to raise taxes, said Patti Schnell, executive director of the Cape Coral Construction Industry Association.

"They take a hard line on taxes, but with impact fees the sky is the limit," Schnell said. "It's getting scary. These increases are getting bigger and keep coming quicker."

Her group hasn't decided where it stands on the proposal. Its impact fee committee is meeting today to take a closer look.

Cape Coral's last road impact fee study was completed in 2001, and it recommended a fee of \$1,741.

The issue came up just after the Sept. 11 terrorist attacks when there was uncertainty about the economy. So the city and the association agreed to raise the fee in stages over a five-year period.

It's not clear how that agreement will affect the fate of the new proposal.

Day didn't want to hazard a guess with a new mayor and two new council members in office.

"I hope there is a compromise in there somewhere," said new Councilwoman Dolores Bertolini. It looks like the city is trying to make up for lost time, she said.

Bertolini said she doesn't want to use a phase-in plan this time.

That phase-in plan might be one reason for the size of the recommended increase, Councilman Jim Jeffers said. The numbers reflect the cost of building roads.

An attempt last year to raise the road impact fee to \$1,741 drew an overflow crowd to council chambers, which have a capacity of 270 people.

Construction industry spokesman said they expected the council to honor its commitment to the phase-in plan.

Council members Mickey Rosado, Alex LePera and Richard Stevens and former Mayor Arnold Kempe voted for a change.

Council members A.J. Boyd, Tim Day, Gloria Tate and Paul Asfour voted against the increase.

The composition of each group changed with the April election.

Kempe was replaced by Feichthaler. Tate was replaced by Jeffers and Asfour by Bertolini.

Stevens and LePera had no comment Thursday. They had not yet read the study.

Rosado could not be reached for comment.

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